United Nations A/C.2/54/SR.9

General Assembly
Fifty-fourth session

Official Records

Distr.: General
4 November 1999

Original: English

Second Committee

Summary record of the 9th meeting
Held at Headquarters, New York, on Monday, 11 October 1999, at 10 a.m.

Chairman: Mr. Brauzzi (Vice-Chairman) ..... (Italy)

Contents

Agenda item 97: Macroeconomic policy questions *(continued)*

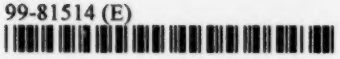
(d) Science and technology for development *(continued)*

(e) External debt crisis and development *(continued)*

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

99-81514 (E)



In the absence of the Mr. Olhaye (Djibouti), Mr. Brauzzi (Italy), Vice-Chairman, took the Chair.

The meeting was called to order at 10.10 a.m.

Agenda item 97: Macroeconomic policy questions *(continued)* (A/54/56, A/54/94-S/1999/518, A/54/170, 175, 270 and 370)

(d) Science and technology for development *(continued)*

(e) External debt crisis and development *(continued)*

1. **Mr. Tchoulkov** (Russian Federation) said that thus far the United Nations had been at the periphery rather than in the mainstream of science and technology for development, but, as the technology gap between industrialized and developing countries continued to widen, it must participate in efforts to share the benefits of technology with all countries.

2. The selection of national capacity-building in biotechnology as the theme for the Commission on Science and Technology for Development for the period 1999-2001 was very timely. Two aspects of biotechnology were of particular concern: the potential loss of biological diversity as a result of a transition towards a limited number of high-yield crops, and the threat posed to the environment by the proliferation of genetically modified organisms. The Commission should therefore consider not only how biotechnology could be used to enhance food production but also the need for a legislative framework for biotechnology in order to protect human health, bio-diversity and natural ecosystems. Better coordination was needed between the Commission on Science and Technology for Development and the Commission on Sustainable Development.

3. Turning to the external debt crisis, he stressed the importance of taking an integrated approach. Besides direct financial support and debt relief, measures were needed that would allow indebted countries to mobilize their own resources through strengthening of export capacity and improving market access. Another possibility would be to establish a special preferential regime for exports from the heavily indebted poor countries. His delegation also supported the debt relief measures being undertaken within the framework of the Paris Club and the debt initiative approved at the Cologne summit of the major industrialized countries in June. The Russian Federation would continue to participate in debt relief assistance to specific countries on the basis of the agreed principles of burden-sharing.

4. **Mr. Escanero** (Mexico), speaking on behalf of the Rio Group, said that advances in information technology and telecommunications were creating a veritable third industrial revolution. Developing countries must have full access to science and technology, especially information technology or else they would be marginalized. Financial resources must be mobilized in order to create and promote those countries' scientific and technological capacity. Greater cooperation between the public and private sectors was also needed, in both developed and developing countries. The Commission on Science and Technology for Development must be strengthened, as must the regional and international cooperation mechanisms for science and technology.

5. **Mr. Aleman** (Ecuador) stressed the need for concerted action to solve the international financial crisis, and welcomed the Cologne debt initiative of the major industrialized countries as a sign of solidarity with countries like Ecuador, which had struggled with the impact of structural adjustment over the past several years.

6. Ecuador was experiencing one of the most serious economic crises in its history. Natural disasters triggered by the "El Niño" phenomenon had destroyed much of the country's production infrastructure, causing damage estimated at some $3 billion. With debt service consuming 42 per cent of the budget and an external debt standing at 315 per cent of its annual exports, Ecuador was among the most highly indebted countries in the world.

7. The Government had requested assistance with debt relief, and was making every effort in good faith to meet its obligations within its ability. However, it could not continue to restrict social and economic development and to delay the aspirations for a better future of its people, 61 per cent of whom lived in poverty. Any measures for economic adjustment and restructuring would be contingent on the Government's social development objectives: reduction of poverty and malnutrition, improved access to health care and education, lowering unemployment and raising family incomes. Ecuador's priority was to pay its social debt to its 12 million people; any other course of action would be wrong.

8. **Mr. Kolby** (Norway) said that an unsustainable debt burden was a major obstacle for many developing countries in reaching the target of reducing global poverty by half by 2015. Creditor nations, therefore, held the key to giving the poorest members of the world community a new start. Norway encouraged all creditor countries to seek ways to give the heavily indebted poor countries a new start. It was prepared to do its share and, indeed, was prepared to forgive 100 per cent of its commercial claims to those countries. Its

official development assistance had been given on a grant basis for many years.

9. Comprehensive strategies were needed to ensure that debt relief would result in poverty reduction, and the poverty reduction strategy papers would serve to strengthen the efforts of the developing countries themselves, as well as making International Monetary Fund (IMF) and World Bank assistance more effective. As national governments had the primary responsibility for setting macroeconomic, structural and social policies that would generate growth and contribute to poverty reduction, such comprehensive strategies should be country-driven and elaborated in close cooperation with the international financial institutions. Social sectors should be included in the reform programmes associated with the HIPC initiative, in order to increase efficiency and absorptive capacity.

10. Providing deeper and broader debt relief more rapidly would more than double the cost of the HIPC initiative. The scale of the financing required ruled out the possibility of continuing the current practice of making voluntary contributions on an ad hoc basis; a more reasonable and transparent formula for sharing the burden would be needed. The full financing of the enhanced HIPC mechanism would depend on the willingness of all the major industrialized countries to commit their share of the financing.

11. There was also some concern about the situation of a number of middle-income countries with an unsustainable debt burden which had been affected by conflict or natural disasters. The international community must do much more to provide an enabling international economic environment and must continue to adjust and reform the multilateral trading system to facilitate rather than obstruct the entry of developing countries into the global market.

12. In conclusion, Norway, as an expression of its commitment to the goal of halving the number of people living in absolute poverty by 2015, and out of its belief that debt relief should not be provided at the expense of efforts to mobilize official development assistance, had set up a plan for a gradual increase of its development assistance from its current 0.88 per cent to 1 per cent of GDP.

13. **Mr. Akinsanya** (Nigeria) said that the HIPC initiative had fallen short of expectations, as many countries were finding it difficult to satisfy the conditions required for them to benefit from it. His delegation welcomed the recent Cologne debt initiative, but felt that the eligibility criteria should be made flexible in order to accommodate as many debtor developing countries as possible.

14. He listed a number of proposals from his President intended to address the debt problem. Nigerians expected democracy to yield concrete dividends in their lives, yet heavy debt service obligations could be met only at the expense of investments in education, health care, housing, public transportation and other basic infrastructure. It would be impossible to satisfy the rising expectations of its people without a substantial reduction of the debt burden.

15. All efforts should be made to reverse illegal capital flight from Africa, which further complicated the debt problem; an estimated 37 per cent of Africa's wealth was held outside Africa. Nigeria called for the elaboration of an international convention on the repatriation to Africa and the developing world of all capital illegally transferred from those countries. Its aim would be to compel banks to disclose the source of funds they held and to require them to repatriate those funds to the countries of rightful ownership. The perpetrators of such illegal movement of funds would be subject to the full weight of national and international law.

16. **Mr. Özügergin** (Turkey) said that the Cologne debt initiative, the enhanced HIPC initiative and the new Growth and Poverty Reduction Facility were welcome innovations in the provision of debt relief to the neediest development partners. All those measures evinced a drive towards linking debt relief to policies aimed at reducing poverty worldwide. The use of debt-to-export ratios as determining criteria in earlier debt relief strategies, without due regard to urgent social needs, had significantly diminished the effectiveness of those strategies. However, the idea that funds liberated from debt servicing should be channelled into social action strategies had finally come to dominate current thinking. Although there were signs of slow recovery from the recent financial crises, the international community must not adopt an attitude of complacency.

17. It was essential that the international community should summon the political will to implement the new debt relief strategies. However, debt relief alone could not bring about long-term changes for the better. At the national level, policies must be developed and implemented in a transparent, democratic and participatory manner that involved civil society. Capacity-building and pro-poor strategies must be pursued relentlessly. Structural reform in the banking, social security and agricultural sectors was crucial, as was privatization, but there should be greater emphasis on social considerations.

18. It was generally agreed that the stability of the international financial system must be restored. IMF and the World Bank, while preserving their respective specialized

functions, should continue to improve the coordination of their responses to countries' financial problems. The contribution of private financial institutions to the stability of the international financial system should be enhanced through the acceptance of orderly debt work-outs based on equitable burden-sharing. Lastly, he thanked IMF, the World Bank, other multilateral institutions and multilateral and bilateral donors for their timely support for the design of streamlined emergency arrangements for mounting massive rescue operations in the wake of the recent earthquake in Turkey. He trusted that that cooperation would continue so that essential facilities and services could be restored and basic economic activities could be re-established to avoid long-term economic and social disruption.

19. **Mr. Menon** (India) said that the era of globalization, which had seen the emergence of global markets in goods, services and financial flows, was also an era of technological globalization. Communications technologies, especially the Internet, had removed the traditional constraints of cost, time and distance. That technology had enormous potential to provide education through distance learning and teleconferencing for developing countries, which lacked the resources to build the more traditional repositories of knowledge, such as libraries. The central challenge before the global community was to mobilize science and technology to tackle the crises facing developing societies, yet research and development of new technologies were overwhelmingly directed at the problems of rich countries. To cite only one example, technological innovation in the chemical and pharmaceutical industry had focused not on the major health risks facing the world — pneumonia, diarrhoeal diseases and tuberculosis — but on cosmetic drugs or slow-ripening tomatoes.

20. The current failure to meet the scientific and technical needs of the world's poorest resulted in a profound imbalance in the global production of knowledge. Two societies would co-exist: a world of the privileged with high incomes, education and literacy, accessing information at lower costs and higher speeds, and a world of others lacking even basic telecommunications. The United Nations had a unique opportunity to devise a framework for the establishment, in developing countries, of the necessary infrastructure to enable them to be part of the technological revolution. The *Human Development Report* for 1999 contained an interesting proposal for a bit tax on data sent by e-mail, which would generate enormous revenue that could be spent on such development.

21. Significant developments in bio-technology, particularly genetically altered crops, could reduce the need for herbicides and pesticides, enhance food production and find uses as pharmaceuticals. The long-term implications for the environment must be examined, however. It must also be recognized that much of that technology was derived from the bio-genetic resources and indigenous traditional knowledge of developing countries. The United Nations must provide some direction in the debate on the complex issues surrounding royalties for genetic material, and should help to fashion an international technological architecture that encouraged technological advances, but not at the cost of marginalizing the poorest and most vulnerable.

22. India had recognized the crucial importance of science and technology as the determinant of long-term growth, and its booming software industry reflected the potential that sector held for developing countries. It was imperative, however, that such efforts at the national level should be complemented by international rules that took into account the needs of developing countries for access to state-of-the-art technology. From that perspective, his delegation urged that the resolution to be adopted on that item should address the real challenges of harnessing science and technology for the common concerns of development.

23. **Mr. Seki** (Japan) said that the HIPC initiative had represented a means of rendering the situation of the beneficiary countries sustainable by offering an alternative to perpetual debt renegotiation. However, its implementation had long been in need of improvement. Consequently, his Government had expanded its bilateral debt relief measures and had begun to work with other countries to revise the HIPC initiative. It therefore welcomed the recent decision to make debt relief faster, deeper and broader. In the last 20 years, Japan had provided some $3 billion in grant aid for debt relief. Under the enhanced HIPC initiative, Japan would provide grants for debt relief of up to 100 per cent for bilateral ODA loans, thereby effectively cancelling ODA debt. For non-ODA loans, Japan would go beyond the 80-per-cent debt relief target when necessary. As a result, it would be providing relief of more bilateral debt than any other donor. Because the implementation of the enhanced HIPC initiative would require more resources, Japan had contributed over $70 million to the IMF and World Bank HIPC Trust Funds, and hoped that many other countries would also make contributions.

24. Debtor countries, for their part, must assume ownership of their problems, manage their economies appropriately and implement all necessary economic reforms. Developing countries needed to strengthen their debt-management capacity, with technical cooperation from the international community. Accordingly, the Governments of Japan and Kenya, along with IMF and the United Nations Development Programme (UNDP), had organized a debt

management seminar in Nairobi and planned to hold debt management workshops in Singapore in the near future. The resources made available through debt relief measures should be directed to investments in future development, especially in the social sector. Japan supported the strengthened link between debt relief and poverty reduction and welcomed the proposals to prepare poverty reduction strategy papers for each country and to reform the Enhanced Structural Adjustment Facility (ESAF) to place greater emphasis on national poverty reduction efforts.

25. Japan agreed with the argument that international assistance to the least developed countries should emphasize the provision of grants, in view of those countries' debt problems. However, long-term, low-interest ODA loans, if managed effectively and used to finance economically viable projects, could enable those countries to attract the large-scale investment needed for economic take-off. Japan had seen many countries, including least developed countries, make very effective use of that form of cooperation.

26. **Ms. Dong Guilan** (China) said that the reports of the United Nations Commission on Science and Technology for Development had provided a sound analysis of the new environment and challenges for the development of science and technology and had put forward valuable policy recommendations on how developing countries could enhance their capacities and their international competitiveness in that area. She hoped that the United Nations would give more support to the Commission and that the latter would pursue its study of the new challenges posed by the rapid globalization of economic, scientific and technological activities, particularly for the developing countries; continue to help strengthen the decision-making capacity of developing countries; and explore appropriate mechanisms for the implementation of its policy recommendations.

27. The tremendous wealth created by advances in science and technology had been distributed unevenly among the countries of the world. The globalization of those activities had widened the gap between rich and poor and between the North and the South in terms of both knowledge and resources. Although science and technology were the key to resolving the major problems facing mankind, such as overpopulation, disease, poverty, sustainable use of resources and environmental protection, the issue of science and technology for development had not been given the importance it deserved in the United Nations system. Instead, the bodies dealing with science and technology had been weakened since 1992. The United Nations had a crucial responsibility to promote development, *inter alia* through science and technology, and should therefore pay more attention to the practical needs of developing countries, support their reasonable demand for the removal of restrictions on technology transfers and for the mobilization of funds for cooperation in the field of science and technology, and enhance its support for science and technology.

28. Her Government had increased funding for science and technology by about 15 per cent a year since 1985 and had striven to reform and restructure the science and technology sector so that it would better serve economic development. In 1995, it had adopted a strategic plan for modernizing the country through science and education; in 1999, it had formulated a series of policies to encourage technological innovation. Those efforts had effectively boosted China's economic development. The Chinese Government would continue to strengthen its cooperation with the United Nations system in the field of science and technology.

29. With respect to the external debt crisis, she welcomed the latest efforts and commitments made by creditor countries and international institutions to alleviate the burden of heavily indebted countries. However, many of those countries were still vulnerable to external shocks. The commitments made on the issue of debt must be translated into actions and new ideas must be explored extensively to enable more developing countries to rid themselves of their debt burdens and direct their resources towards promoting economic and social development. In the meantime, care must be taken to ensure that new debt alleviation initiatives did not create new problems for developing countries. Although China was a developing country, it had done its best to support the international community's efforts to alleviate the debt problem, and would continue to do so.

30. **Mr. Kebede** (Ethiopia) said that the continued severity of the external debt crisis, particularly in Africa, showed that the pronouncements made by the international community had not led to concrete measures and tangible results, in part because the approach to debt-relief initiatives had been fragmented. While the sub-Saharan African countries' fiscal position had worsened as a result of falling commodity prices, their ratio of debt service to exports had risen from 12.8 per cent in 1997 to about 15 per cent in 1998. The African countries would have had to spend three fourths of their total export earnings in 1998 in order to meet all their scheduled debt service obligations.

31. Africa's debt service was adversely affecting health care and education by diverting desperately needed resources from those sectors. Over the last 15 years, primary school enrolment and access to basic health care had declined in sub-Saharan Africa. If current trends continued, the

international targets set for the reduction of infant mortality and the expansion of primary education would not be achievable for those countries. The international initiatives undertaken for African development had left the continent in a similar or even worse situation. Although the international community had gained a fuller understanding of the challenge of poverty in the 1990s, comprehensive and effective action to address it had lagged far behind.

32. The initial pace of the implementation of the HIPC initiative had left much to be desired. Although he welcomed the improvements made at the Cologne summit, more could be done in that regard. He fully supported the United Nations proposals for an enhanced HIPC initiative. In particular, he agreed that the time-frame for implementation should be shortened to three years. The initiative should apply standard, principled and economic criteria for eligibility, based on policy performance and ESAF programmes, rather than political or other criteria; non-economic considerations should not be used as a pretext for excluding eligible countries from the initiative. The initiative could not have a lasting impact on human resources development and poverty eradication unless the ceiling for the share of fiscal revenue allocated to external debt service was lowered significantly. Priority should be given to eliminating the debt burden rather than ensuring its sustainability. He urged development partners to cancel bilateral debt and to reverse the decline in ODA; pointing out, however, that resources for the implementation of the HIPC initiative should be additional to those provided through ODA. He welcomed the linkage between debt relief and poverty reduction, but felt that specific poverty reduction strategies and programmes should be left to individual Governments. In some countries, debt relief could also be linked to food security programmes, health and education investment programmes and rural road construction. He hoped that a comprehensive solution to the debt crisis would be designed and implemented on an urgent basis so that the debt burden would not be carried over to the next century.

33. **Mr. Osei-Danquah** (Ghana) said that the General Assembly had played a critical role in keeping the issue of the external debt crisis on the international agenda. He was heartened to note that the leaders of the industrialized countries had finally come to accept that debt relief for poor countries was an economic and moral imperative, but noted that, in the past, expressions of intent had not always been acted upon, sometimes because of domestic circumstances. The United Nations had a responsibility to continue to pressure the leaders of developed countries to translate their words into action. Since organizations of civil society also had a significant role to play in that regard, the General Assembly should enhance its collaboration and networking with groups such as Jubilee 2000 and Oxfam so as to create the groundswell of opinion needed to ensure that the commitments made were honoured.

34. Paragraphs 40 to 42 of the Secretary-General's report on recent developments in the debt situation of developing countries (A/54/370) showed how easily countries that met the fiscal criterion at the completion point could slip into a situation of fiscal unsustainability of debt as a result of debt-to-revenue target problems arising from commodity price declines, low demand for exports and other factors. Although the Cologne debt initiative and bilateral debt forgiveness initiatives were welcome, they could not, in themselves, ensure the permanent elimination of debt overhang and conditions for sustainable future debt management. More attention must be paid to the conditions for economic growth, such as improved market access. He regretted that, in some cases, debt forgiveness had been conditioned on the virtual elimination of ODA support for development projects in countries that opted for debt forgiveness. It was his understanding that, under the Cologne debt initiative, the industrialized countries had agreed to increase the share of grant-based financing they provided in addition to debt forgiveness. He asked for clarification from the countries concerned.

35. While he commended the decision to revalue up to 14 million ounces of IMF gold, the enhanced HIPC initiative would still fall far short of its promise unless a substantial portion of the proceeds was devoted to the HIPC initiative and donors assumed a greater share of the costs of the initiative. He supported the United Nations proposals summarized in paragraph 51 of the Secretary-General's report, except the proposal on partial sales of IMF gold, which could have a negative effect on the gold market. Moreover, at least 90 per cent debt reduction on non-ODA official bilateral debt should be extended to all heavily indebted poor countries. He also supported orderly debt work-outs for middle-income countries and others in similar situations, since that approach reduced social costs and helped to guarantee stability in the world economy.

36. **Mr. Myint** (Myanmar) said that over the last 50 years, unsustainable debt service burdens had prevented many countries from investing the amounts needed in order to achieve net sustained economic growth. He therefore welcomed the debt relief measures currently being taken by international institutions and creditor countries. In particular, the efforts to enhance and expedite the HIPC initiative were a step in the right direction. Since the launching of that initiative three years earlier, only a few countries had been given HIPC packages, which had proved to be a mixed

blessing because the structural adjustment policies required of those countries had been detrimental to the very people whom debt relief had been intended to help.

37. The crux of the debt problem was the unsustainability of the burden for countries that had to pay more than half their income towards debt servicing. Falling commodity prices, developed-country barriers to the exports of developing countries and subsidies of agricultural products had reduced developing countries' market access and income while increasing their debt burden. Debt relief should be considered in the context of an overall poverty reduction strategy. It should be aimed at improving social well-being and enhancing the potential of poor countries to achieve sustainable development. The total debt owed by the 42 heavily indebted poor countries, which was estimated at over $200 billion, represented only about one fiftieth of the wealth generated by the stock markets of the rich countries. He agreed with groups such as Jubilee 2000 that total debt cancellation should be the ultimate aim.

38. **Mr. Sutoyo** (Indonesia) said that, in the current information age, science and technology were of enormous importance to the international community. It was therefore disappointing that thus far the Commission on Science and Technology for Development had made no significant attempt to address the subject in a comprehensive and integrated manner. While the Organization had made considerable efforts during the previous two decades to promote the dissemination and effective application of information and communications technologies, purposeful system-wide coordination was still lacking and the measures taken were of a piecemeal nature.

39. Given the increasing importance of the issue, a focal point should be established to coordinate United Nations activities in that area and to mobilize financial resources for the dissemination of information and communications technologies in the developing countries. There was no need for a proliferation of new organs in the United Nations. Emphasis should be placed, instead, on enhancing the role of a relevant body, such as the Commission on Science and Technology for Development.

40. On the question of external indebtedness, the international community had over the years crafted a comprehensive debt strategy to assist developing countries in retiring their debt overhang. Nevertheless, the debt burden remained a formidable constraint and impaired the ability of many developing countries to achieve development. Governments often spent far more on debt servicing than basic services, such as primary health care and education. Globalization and the spreading financial turbulence, moreover, had added a new dimension to external indebtedness, including problems of liquidity.

41. A lasting and development-oriented solution to the problem required more debt relief to allow debtor countries to escape the never-ending rescheduling process and attain sustained growth and development. It was also important to ensure that the global economy was sustainable and that a more conducive external economic environment was promoted.

42. As a result of the financial crisis, the indebtedness of a number of Asian countries, including Indonesia, had soared. His Government believed that the situation had been aggravated by the international response to the crisis. Austerity was not the answer to the debt problem in Asia. Even the sound macroeconomic policies which had been pursued by many of the region's countries in previous decades had failed to guarantee sustainable growth and development. Indeed, experience had shown that a relatively stable economy was not enough in the face of the unbridled external shocks that often accompanied the process of financial liberalization.

43. While Indonesia still had doubts about the capacity of the relevant international institutions to mobilize adequate emergency funding, such funding should nevertheless be an integral part of the international mechanism for the management of economic crises. In reality, the affected countries bore all of the economic and social costs of financial crisis by accepting the conditionalities imposed by the international financial institutions. What countries really needed was some breathing space to enable them to return to the path of development.

44. Much to its dismay, Indonesia had also learned that its corporate sector had engaged in large-scale, short-term borrowing, which was highly vulnerable to swift changes in exchange rates. The steep depreciation of those rates had therefore raised debt-servicing costs significantly and led to serious repayment problems. To address the root causes of the problem, there was need for increased transparency in commercial banking operations and accurate reporting of private capital flows. Data collection should also be more comprehensive in its coverage to permit governments and financial market operators to monitor very short-term debt instruments, such as commercial paper and promissory notes, which could sharply increase a country's exposure to undue risks and shorten the maturity structure of its debt.

45. Even with those essential features in place, however, national policy alone could not ensure success in an increasingly interdependent world. A supportive international environment was also critical. Thus, the

developed countries should employ sound macroeconomic policies, especially in the areas of trade liberalization, financial flows and monetary stability. Serious efforts should also be directed towards securing adequate market access for developing countries' products, access to technology, stable exchange rates, reasonably low levels of interest rates and predictable and assured financial flows.

46. Further improvement of the international debt strategy should be in line with the "once and for all" approach designed to reduce the overall stock of debt of the indebted countries and should include the adoption of an integrated approach to all types of indebtedness, including multilateral, bilateral and commercial debt. Lastly, developed country contributions should be based on the provision of additional resources so as not to divert scarce development funds in the name of debt relief.

47. **Mr. Iaccarino** (United Nations Educational, Scientific and Cultural Organization (UNESCO)), reporting on the recent World Conference on Science, said that the primary goal of the Conference had been to provide a major forum at which all stakeholders in the scientific endeavour could consider ways in which the natural sciences could better respond to the needs and aspirations of society. The Conference had also provided an opportunity to raise the status of science on the political agenda.

48. Representatives of more than 150 countries and numerous intergovernmental and non-governmental organizations had participated in the Conference which had been organized by UNESCO with the assistance of the International Council of Scientific Unions (ICSU). Several specialized agencies of the United Nations, including the World Health Organization (WHO) and the Food and Agriculture Organization of the United Nations (FAO), had played an important role in elaborating the programme of the Conference and in drafting its two main documents, namely, the Declaration on Science and the Use of Scientific Knowledge and the Science Agenda — Framework for Action. The documents had been adopted unanimously and would be submitted to the next General Conference of UNESCO.

49. In those documents, the Conference recognized the need to use scientific knowledge in a responsible manner in order to address human needs and aspirations and to develop appropriate research programmes for that purpose. The Conference had also stressed the importance of enhanced regional and international cooperation and had called for interdisciplinary collaboration in the production and use of scientific knowledge. It had also urged Governments and the private sector to increase their support for developing an adequate science and technology capacity through appropriate education and research programmes as an indispensable foundation for economic, social, cultural and environmentally sound development. Lastly, the Conference had recognized that those needs were particularly urgent for developing countries.

50. **Mr. Egou-Engwau** (Uganda) said that the international community was entering the new millennium having failed to resolve the problem of external indebtedness. Africa and the highly indebted poor countries had been largely bypassed by the most effective forms of development financing, namely, private sector activities and transactions. The debt crisis was therefore only a small part of a much larger development crisis, whose solution required a holistic approach that addressed the related issues of trade, investment, finance and capacity-building. The solution should also take into account the particular conditions of different countries and regions and their respective priorities.

51. The following principles should shape future action on the debt problem: measures taken should be comprehensive, covering all types of debt; ratios for debt service to exports and debt service to fiscal revenue should better reflect the capacity of debtor countries to service their debts; clear ceilings must be set on the level of fiscal revenue allocated to debt servicing and, lastly, the efforts of developing countries to improve their economies needed to be supported.

52. The recent Cologne debt initiative and other measures to provide debt relief were steps in the right direction and should be fully implemented without the introduction of undue conditionalities. Consideration should also be given to deepening and widening further the HIPC initiative with a view to the eventual cancellation of all debts. The mobilization of resources to finance the HIPC initiative, however, should not compromise the provision of other development support.

53. On the subject of science and technology, he said that rapid advances in science and technology had led to quantum leaps in productivity and to economic advancement in those countries which had attained excellence in those areas. Regrettably, innovations in science and technology had been monopolized by the private sector and the high cost of research and property rights protection mechanisms had effectively excluded poor countries from the benefits of those advances. The United Nations could do much to promote the sharing of knowledge in the field of science and technology. Uganda supported the efforts of the Commission on Science and Technology for Development and the United Nations Conference on Trade and Development (UNCTAD)

to bridge the gap. Those efforts should be strengthened in order to ensure their effective impact at the country level.

54. **Mr. Prendergast** (Jamaica) said that the rising external indebtedness of developing countries severely hampered their efforts to achieve sustainable development and eradicate poverty. The problems of many highly indebted poor countries, particularly those in sub-Saharan Africa, had been compounded by the continuing decline in commodity prices. He hoped that the debt relief promised under the Cologne initiative would be expedited and that debt sustainability targets would realistically reflect the capacity of countries to pay. Debtor countries should participate as equal partners in the decision-making process concerning debt and related issues. He also supported the recommendation in paragraph 52 of the Secretary-General's report (A/54/370) that HIPC debt relief should seek in the first instance to remove whatever was the binding constraint, be it scarcity of foreign exchange or lack of budgetary resources. Lastly, a comprehensive approach was needed that encompassed both the highly indebted poor countries and the many middle-income countries which also carried significant debt burdens that hampered their poverty-reduction efforts.

55. On the subject of science and technology for development, the world economy had undergone fundamental changes in the previous two decades fuelled by the rapid globalization of economic, scientific and technological activities. To meet the challenges of the new technological environment, Governments had designed and implemented science and technology policies. His Government welcomed the formulation by the Commission on Science and Technology for Development of a common vision regarding the future contribution of science and technology for development. The Commission should continue to play a proactive role in the promotion of science and technology and coordinate United Nations activities in that area.

56. His Government had taken many of the Commission's recommendations seriously. Its science and technology policies were part of a wider system of innovation and globalization. Among the several initiatives in which it was involved was a hemisphere-wide project to develop a unified approach to poverty eradication through interaction with small farmers to determine how even small changes in technology could help to resolve some of their problems. The Government was also developing a stronger alliance with the private sector in the areas of research and development.

57. Science and technology offered a world of possibilities for developing countries to increase their participation in the global economy. In that connection, development cooperation which promoted the transfer of appropriate technologies and the exchange of knowledge and information was one of the best strategies for overcoming the obstacles in the way of success.

58. **Archbishop Martino** (Observer for the Holy See) said that considerable progress had been made in recent years in recognizing the significance of the debt burden of the poorest countries. The HIPC initiative, which was a major attempt to address simultaneously all the debt burdens of those countries within the framework of sound and lasting economic and social reform, was proceeding too slowly. The recent proposal for an enhanced HIPC initiative did, however, offer new opportunities, and individual countries had promised to provide bilateral assistance to some countries after their completion of the HIPC process. The commitments made to address the debt burden of a substantial number of poor countries should be honoured and the necessary financial resources must be guaranteed; in that regard, the wealthier countries had a special responsibility.

59. Debt relief should be definitive and should reach levels that were sufficient not only to rescue poor countries from a temporary crisis but also to relaunch their investment in long-term economic and human development. The entire international community should endeavour to achieve internationally recognized social development targets, particularly those set by the World Summit for Social Development.

60. Debt-relief programmes must establish a more tangible link with the fight against poverty. New models must be found to ensure effective use of the funds released from the debt-relief process for education, health care and the improvement of citizens' social and economic capacities. To that end, States and the international financial institutions must find ways of encouraging the involvement of the citizens and civil society of the poorer countries in the elaboration and subsequent monitoring of reform programmes. Citizens of developing countries were the first to recognize the unproductive use of international funds, or their misuse through corruption and poor governance. In that regard, a clear consensus should be reached not to allow countries accepting debt-relief packages to indulge in disproportionate spending on arms.

61. Funds must be guaranteed to ensure that the current debt-relief initiatives could proceed rapidly. However, that should not be at the cost of other essential development goals. There was an urgent need to generate new financial

resources to ensure that, even when the poorest countries' debt problems had been solved, they would receive clearly focused additional assistance to enable them to pursue the reforms they had begun.

62. **Mr. Waheed** (Pakistan) said that the most serious problem of developing countries was their external debt, since Governments could not meet social needs when they were forced to spend more than half of their budgets on debt-servicing. The Cologne debt initiative addressed only half of the debt burden of the highly indebted poor countries. Even countries that were likely to receive some benefits from the initiative had been asked to make exceptional efforts to meet the difficult targets set by IMF.

63. A number of middle-income developing countries also faced serious external debt problems. External debt in those countries was leading to a deterioration of living standards, social disorder and political instability. The debt/gross national product (GNP) ratio in many middle-income developing countries was extremely high. In Pakistan, for example, the debt/GNP ratio was 37 per cent and the debt/exports ratio was 203 per cent.

64. As a result of the imposition of sanctions in the aftermath of its nuclear tests in 1998, Pakistan had had to suspend debt-service payments to its creditors. The Prime Minister of Pakistan had launched the Debt-Retirement Fund in order to raise the necessary resources to solve Pakistan's acute external debt problem. In spite of that measure, Pakistan still had an enormous external debt that was rapidly becoming insurmountable. Pakistan, itself a highly indebted developing country, strongly believed that outright debt reduction was the only effective way of addressing the external-debt problem of middle-income developing countries.

65. Debt repayment was increasing absolute poverty in poor countries. Vast sums of money, which could have been spent on education, health care and employment, were being diverted to repay Western financial institutions. The developed countries must review their debt-relief policies and take immediate action to provide a durable solution to the external debt problems of all developing countries. His delegation firmly believed that the United Nations should have a key role in elaborating and implementing a comprehensive debt-relief programme.

66. **Mr. Chave** (Observer for Switzerland) said that, debt reduction was not a panacea that produced instantaneous results, since it could be effective only if recipient countries succeeded at the same time in adopting sound economic and budgetary policies as well as coherent medium- and long-term debt-reduction strategies. The success of such measures also depended on the broad participation and high level of commitment of all the relevant members of society in each country. It was therefore important to recognize that debt relief was a necessary — but not the only — condition for alleviating poverty and that it was a complex and relatively slow process.

67. It was essential to find an effective multilateral solution to the debt problem that was capable of dealing with the complexity of the situation and securing the large amount of financial resources required. That was why Switzerland had joined the HIPC initiative from the very outset and had contributed $30 million to the World Bank's HIPC Fund and had later made the commitment to make a more than proportional contribution to the Enhanced Structural Adjustment Facility (ESAF)/HIPC Fund of IMF.

68. The financing of the HIPC initiative continued to be a matter of concern. The main challenge was to obtain the considerable financial resources needed to ensure the initiative's smooth implementation. The creditor countries should decide how and when they would honour their promise to provide effective alleviation of the debt burden. Within the framework of the Bretton Woods institutions, Switzerland had actively supported measures to address the underfunding of the HIPC initiative and considered that all efforts to that end should be guided by four principles, namely: (1) debt-relief funding should be additional; (2) the financial integrity of multilateral institutions must be preserved; (3) all multilateral creditors should assume their part of the costs of debt relief; and (4) all non-debtor members of the International Development Association (IDA) should provide substantial bilateral financial contributions with a view to establishing a stable financial system for the initiative as soon as possible. His delegation noted that 75 per cent of the resources available to the HIPC Fund came from contributions from the Nordic countries, the Netherlands and Switzerland. It was essential that all countries, particularly the members of the Group of Seven, should take urgent measures to make effective contributions to the funding of the initiative.

69. **Mr. Mwakawago** (United Republic of Tanzania) said that although most African countries had undertaken painful economic reforms in order to establish a conducive framework for development, they had not been able to attract much foreign investment for development activities. While their export proceeds were declining owing to depressed world commodity prices, African countries still allocated a high proportion of government revenue to debt-servicing. In the United Republic of Tanzania, for example, the total external debt had been $7,978.9 million as of June 1999 but had reached $8,072.5 million by the end of July 1999. The

increase represented accrued interest on the principal even though no new loans had been contracted during that period.

70. Debt-servicing obligations consumed a large portion of African countries' revenue and made it difficult for them to meet the needs of health and education. At the World Summit for Social Development, it had been agreed that Governments should provide more funds for human resources development and poverty eradication. In such circumstances, African countries, particularly those with an unsustainable external debt, would continue to ask for debt relief. His delegation therefore strongly supported the Secretary-General's proposal that the remaining official bilateral debts of the poorest African countries should be converted into grants.

71. His delegation welcomed the revision of the HIPC initiative by the members of the Group of Seven and hoped that the enhanced HIPC initiative would provide faster and broader relief. However, the problem of securing the necessary funding for the initiative and the conditions for eligibility should be addressed as soon as possible. The HIPC initiative should not be taken as a substitute for increased bilateral non-debt-creating assistance, and the HIPC Fund should not be financed through reallocation of committed assistance.

72. **Mr. Reshetniak** (Ukraine) said that, in the 20 years that had passed since the United Nations Conference on Science and Technology for Development, disparities in the distribution of the results of scientific and technological achievements both between and within countries had increased. In the modern world, the development of national scientific and technological capacities was essential for increasing the competitiveness of the developing countries and the countries with economies in transition and ensuring their real integration into the world economic system. One of the main challenges for Governments and the international community in the coming years would be to bridge the gap between countries with scientific know-how and countries without access to such information.

73. His delegation appreciated the role of the United Nations system in streamlining and strengthening international cooperation in the field of technology. The Commission on Science and Technology for Development had a leading role to play in providing advice and specific recommendations to Governments and the subsidiary committees of the Economic and Social Council. The Commission should continue its close cooperation with the relevant United Nations bodies in order to fulfil its task as United Nations coordinator of activities related to science and technology for development. The identification of emerging global challenges in that area should continue to be one of the Commission's priority activities.

74. His delegation commended the reports that had been submitted on science and technology for development and supported the decisions adopted by the Commission at its fourth session as well as the priorities that had been set for the next inter-sessional period. The Commission's focus on the review of national information and communication strategies, the development of partnership in the sphere of science and technology, national capacity-building and strengthening the information network in the sphere of international scientific cooperation had been extremely useful. The work of the Commission was of great importance to countries with economies in transition and developing countries, and his delegation was convinced that, in order to enable the Commission to fulfil its mandate effectively, its regular budget should be maintained and, if possible, increased.

75. **Mr. Zarie Zare** (Islamic Republic of Iran) said that the advancement and rapid accumulation of knowledge and new technologies had not touched the lives of hundreds of millions of people still living in poverty. For the most part, scientific and technological institutions in developing countries were poorly adapted to meeting the needs of local industry, and new measures and mechanisms were required to enable them to assess their performance and exchange the best practices in that field. Science and technology must be addressed in the context of globalization and as an inalienable part of overall national development policy. The international community had a major role to play in creating and expanding mechanisms to facilitate the flow of technology to developing countries, which included the enhancement of foreign direct investment. Priority-setting and the involvement of small and medium-sized enterprises in networking and partnership between firms in developing countries could better serve the objectives of developing countries, particularly in the area of poverty eradication.

76. In the next millennium, information and communication technologies would be of crucial importance for the integration of developing countries into the world economy. Although various United Nations bodies had actively participated in the dissemination of such technologies and capacity-building in developing countries, more efforts were needed to utilize all means of disseminating information, particularly through the private sector. The balance between the freedom of transfer and exchange of scientific information and patent and copyright protection was another important issue that must be addressed. Other barriers, restrictions and conditions that had been imposed under various pretexts with a view to

limiting the transfer of new and innovative technologies to developing countries should be identified and removed.

77. The composition of external debt and its relationship to other macroeconomic indicators had undergone a dramatic transformation. Although short-term debt had been reduced, owing to reduced exports and a sluggish gross domestic product (GDP) in debtor countries, the ratio of debt to exports and debt to GDP had increased. The debt overhang of the middle-income countries and the heavily indebted poor countries was far from being eliminated and middle-income countries had been experiencing serious problems in servicing their debts. Some middle-income countries that had "graduated" from debt-rescheduling had had to seek new arrangements with their commercial and official bilateral creditors. In the Middle East and North Africa, the decline in oil prices had decreased export earnings and had led to a sharp increase in the debt-to-export ratio.

78. Financial crises in developing countries in the second half of the 1990s had become more frequent and had undermined their social and economic achievements. The worsening of the debt situation of middle-income and some lower-middle-income countries was due not only to the incapacity to pay debt obligations owing to temporary shortfalls in revenues but also to the more structural problem of raising sufficient revenue, particularly hard currency, in the long term to service their debts, while preserving their sustained economic growth and development. The external debt crisis would persist until the external environment was more conducive to the needs of developing countries. With regard to private commercial debt, it was important to develop a mechanism that would create a balance between the responsibility of debtors and creditors. The assumption of part of that debt by the public sector was neither an appropriate nor a durable solution and would increase moral risks in the future.

The meeting rose at 12.55 p.m.